

# **Financial Records Review Committee Annual Report**

## **2018-2019 Church Year**

Financial Records Review Committee (FRRC) Members: Frank Grossman & Rob Bate

Our bylaws require annual financial record reviews of the Church, Winter Garden with White Wing School, and the Cemetery Association. The reviews verify that the fiscal records and financial transactions of each component are transparent, orderly and consistent.

The Committee conducted separate reviews for the UU Church (Sherri Woolsey), Children's Winter Garden with White Wing School (Chris Clanin, Director & Kim Coumas, Office Manager), and Cemetery Association (Kevin Murray, Treasurer)

In the past we have met with Simple Gifts Coffee House (SGCH), but as far as we were aware they did not operate this year. We did not contact them, so we do not know if there was any money left in their accounts.

The Committee also pondered if our meeting with groups and reporting made sense in a year that the Church was being audited. We will leave that up to the board to think about for future audit years.

Subject to the concerns and recommendations below all records examined were found to be in satisfactory order.

### **UU Church of Nashua**

Attendees; Sherri Woolsey (Church Administrator), Frank Grossman, Rob Bate

Sherri appears to be well versed and has a strong understanding of how money flows in and out of the church. There have been two major changes from last year. First, last year Rev. Allison was on parental leave so Sherri had a higher signing ability on checks. We did verify that those abilities were moved back down after Allison's parental leave. The second is the switch to Breeze as the new system to handle donations. All donations are now tracked in Breeze rather than the internal database. It appears that the transition has gone well and the ways to keep Breeze synchronized with QuickBooks (QB) are straight forward and well understood. There is some manual process to this where Breeze will auto deposit to the Church account and then

Sherri needs to run a report from Breeze to later split that entry into the appropriate budget allocations. This process seems to be a good step to double check the amounts. There is some difficulty getting the two systems to reconcile to the dollar each month, but that makes sense, since Breeze is a cash based system and QB is an accrual system. We assume all will reconcile fine by the close of books at the end of the fiscal year. We will be able to verify that next year.

While Sherri typically does not make entries into QB, she has a good understanding of it and uses her access to monitor and double check entries made by our bookkeeper Laurie Bonnette.

There are currently 4 debit cards on the General Account. Receipts are required for anytime the cards are used and well tracked and verified.

We randomly pulled a couple of items from the files, an invoice, a Debit card receipt, and a Sunday donation. Sherri was able to quickly pull up the information in QB and Breeze and show us how those items flowed through the system.

Areas of concern:

Pledge paying is a little behind this year. It is not yet understood if that might have to do with the fact that Church members are now more incharge of their own payments in Breeze, were before Sherri was sending out letters on payments. The system does email about payments, but we don't know what amount of these emails are seen or potentially go to Spam. Sherri is still figuring out how often to have the system email reminders and when to follow up with letters.

There was some concern about the amount of credit card fees. Now that more Church members are paying pledges and Sunday donations with credit cards through Breeze, there are a lot more credit card fees. Currently there is not a spot in the budget to track these fees, so this is only recognized by the fact that the actual deposit is the donations minus the fees. It might be good to put this in the budget so that we can track that number better. Also Breeze is looking at giving the donator the option of paying the fees at the time of the donation.

Medical Reimbursement for staff:

There are a few employees who receive a medical allowance. The current process for these medical reimbursements is that the staff bring in a receipt and get a direct check for the reimbursement.

We are aware that there are more modern ways to handle this such as FSA or HSA accounts where the Church is not the one that has to determine if each receipt is truly a medical expense.

## Children's Winter Garden with White Wing School (CWGWWS)

Attendees; Chris Clanin (CWGWWS Director), Kim Coumas (CWGWWS Office Manager), Frank Grossman, Rob Bate

On the whole, things seem to be running smoothly & efficiently.

The school appears to be doing well. They were full this year and already  $\frac{3}{4}$  full for next year. They generated a surplus of revenue over expenses this year. The majority of the surplus went to further scholarships.

Chris and Kim worked well together and had a good understanding of the systems and budget. They use their own local version of QuickBooks (QB) that is backup on a thumb drive and stored offsite.

CWGWWS is still working with three bank accounts; General Operating, Scholarship, PAWWS (their parent organization). Most of the money transactions are with the General Operating account, with tuition and expenses, and the PAWWS account with donations and purchasing of supplies for the classroom. There is one debit card, held by Chris, for the General Operating account. All receipts are well tracked from the card.

All incoming money is taken to the bank weekly by Kim.

The Scholarships are now transferred and tracked month by month. This gives greater control and fewer problems if a student does not stay the whole year.

The budget is handled through QB, allowing them to easily track its progress throughout the year. They use the accrual method of accounting in QB. Their accounts receivables were low, and they tend to try and use scholarships when a family is having difficulty paying.

All expenses by teachers and reimbursement are well tracked and were easy to see when we pulled a sheet from the cabinet. At the beginning of the year they give teachers VISA gift cards to do the shopping for their classrooms. They must use the money within 2 months and turn in all receipts.

There are multiple double checks for money movement. Kim prepares the checks through QB and Chris signs them. There is also a bookkeeper that comes in monthly to reconcile QB with the accounts and run reports. Currently only one regular expense is paid automatically and directly through the bank account. They are looking at doing more in the future

We randomly pulled an invoice and donation from the cabinet. They showed us how these were processed and it all looked well organized in both the hard copy in the cabinet and in QB. The cabinet is locked when they are not there and they use space in the Church's vault for long term storage. They do their payroll through the Church's payroll service, they made a payment to the Church for the space they use this year, and they received scholarship money from the Church which they were thankful for and put to good use. They do not like to lose students due to the inability for a family to pay.

Finally they do occasionally get donations that are restricted in use. They keep track of restricted funds in a separate spreadsheet.

Areas of concern:

Ongoing concern: No 1099s are submitted for contractors that are not on the payroll.

### **Nashua Cemetery Association (NCA)**

Present: Kevin Murray (Treasurer), Frank Grossman, Rob Bate

The NCA is a very simple business with their own board that meets 3 or 4 times a year. Since the business is simple their accounting is done by filing invoices and keeping a bank account. Currently there is about \$8K in their bank account that is held at Bar Harbor Bank & Trust. Much of their banking is now done online, including the cutting of checks.

Majority of their income comes from existing funds of about \$300K. While these funds are not an endowment they are invested alongside the Church endowment for a better return. There is a monthly transfer to their bank account based 15% of the interest made by those funds each month. The amount can vary widely and looked to average around \$150.

The only other income this year was from a memorial bringing around \$2K

There was a letter from the Sherri on behalf of the Church about two new expenses this year. One was the actual cost of the removal of the leaves, and the other was to do snow removal on the sidewalk along the cemetery in order to be neighborly. The letter offered that NCA could pay all or ½ of the bills. At this point the NCA has decided to pay the full amount for both of those expenses. I suggested that they may want to send a return letter to the Church to state that they currently plan to pay the full amount.

There were no other new expenses and Kevin was able to show us copies of invoices and bank statements. All looked accounted for.

There are future maintenance items to be done in the cemetery to be done over the years. When more money is needed from the existing funds to cover these expenses, right now Kevin can just make a request to the manager of the invested funds and get the transfer. The board is deciding if there should be a policy of a board vote before funds are requested.

Areas of concern

Ongoing concern: Currently the NCA's past records are kept in a few boxes at the Treasurer's house. We suggested storing those records at the Church.

In order for NCA to see their amount of existing money in the invested funds, Kevin gets a full copy of the bank report on the invested funds. It comes directly to his house addressed to him. Maybe this should come to the church as well and be addressed to the NCA.

Signatory card. Kevin was not sure whose names were currently on the card, and thought there may be one older church member no longer working with NCA on there..

In noting concerns and making recommendations we recognize we may have transcended the technical limits of our charge. It is not our intent to criticize past actions or suggest inappropriate changes. We believe it is important to raise these concerns to the Board and let it and the congregation decide what, if any, action should be taken.

**Acknowledgement**

The committee would like to extend sincere appreciation and gratitude to all parties who opened their books and responded to FRRC inquiries. Without exception, everyone was extremely open, accommodating and supportive of the process.

Respectfully Submitted:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Frank Grossman

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Rob Bate